

Municipal Building, Lodi, Cal., December 20, 1915.

The Board of Trustees of the City of Lodi convened in regular session at 8:00 p.m. There were present Trustees Hale, Black, Keeney, Deaver and Folendorf.

Minutes of the previous meeting were read and approved.

Building permits granted:

Jos. Deitz, wagon shed, lots 31-32-33 Larson's Addition.

C.G. Morris, for Mrs. J. Hay, sleeping porch 205 North School St.

A communication was read from the Union Gas Company of San Francisco offering to install a municipal gas plant in Lodi upon a rental or royalty basis to supply gas to consumers at 60 cents per thousand feet.

The Parker Sign Company of Stockton asked for permission to erect sign boards on the lots of Jules Perrin, on South Sacramento street, and J. H. Walters, on East Lodi Avenue. Upon motion of Trustee Black, seconded by Trustee Keeney, the permission was not granted.

Hotel Lodi Company, a corporation, applied for a license to conduct a saloon business at 104 West Pine street, which application was in order and accompanied by a duly approved bond and deposit to cover cost of advertising. Upon motion the application was ordered to take the course prescribed by Ordinance No. 78.

C. C. Woodworth of the Public Utilities Committee of the Chamber of Commerce urged the Board to take up with the Southern Pacific Company the matter of the unsafe condition of railroad crossings in the City of Lodi and advocated the building of a subway under the tracks at Pine street. The speaker pointed out forcibly the dangers of the bell system at present in use and recommended that request be made for a permanent flagman to be stationed at Pine street until such time as the building of a subway can be brought about. Mr. Woodworth was informed the matter would be taken up in Committee of the Whole.

The matter of a contract between the City of Lodi and Mason Brothers for the sale and purchase of electric current for power at their ice and cold storage plant was then taken up as will appear by the correspondence below, which correspondence was ordered by the President of the Board to be placed in full upon the minutes of this meeting:

Lodi, Cal., December 17, 1915.

Mr. F. O. Hale,
Chairman Board of Trustees,
Lodi, Cal.

Dear Sir:

I find that during my absence the board entered into a contract with Mason Brothers for electric energy at a price unreasonable low and which I find is netting the city a heavy loss. How and why you should enter into such a contract after it had been pointed out to you that it was way and far below the actual cost of current to the City, is beyond my understanding.

I beg to submit to you the following figures, which I have arrived at from an audit of the accounts for the past 5 months to Dec. 1st, the city bought from the Western States Gas & Electric Co. 603680 K.W.H. electrical energy for which we paid the W.S.G. & E. Co. \$5704.41
The overhead expense charged to the City's Electric System was for the same 5 months 1569.49
Amount necessary for interest and bond redemption (estimated). 946.35
Depreciation and liability insurance 5 months 1072.66
6 % interest on value of plant (\$36,394.00) for 5 months 909.85
A total for the 603680 K.W.H. for the 5 months \$10202.70

The City sold to Mason Brothers from July 1st to Dec. 1st (5 months) 125383 K.W.H. of electric energy, which cost the City at .0168 per K.W.H. to buy, maintain the plant and distribute \$2,106.42
The City received from Mason Brothers for above current only 1,186.42
The City sustained a net loss for the 5 months of 920.00

If this average loss was maintained for the life of the contract (5 years) it would reach the gross sum of \$11,100.00

At the time this contract was recommended by Supt. Henning you will remember that I gave figures in which I estimated the City would loose about \$108.00 per month, that I was too low on my estimate you will see after these 5 months actual results.

The figures I have given you can be varified at the City Clerk's office and I am sure you will find them approximately correct.

The City need not and must not suffer any such enormous losses in the sale of electrical energy for the benefit of any one patron at the expense of all other users of current.

There is a remedy for this evil and malicious wast of the City's funds and it must be applied.

Yours very truly,

ELMER E. DEEVER,
Chairman revenue & finance committee.

Lodi, Cal., December 20th 1915.

To the President and members of the
Board of Trustees of the City of Lodi,
Gentlemen:-

You have each been advised of my findings in the matter of the purchase and sale of electrical energy, particular refference being made to a contract existing between the City of Lodi and Mason Brothers.

I contend that this contract is unreasonable low and is resulting in a large monthly loss to the City, besides it is an unfair and unreasonable discrimination against other users of electrical energy for power.

For example I have taken four of the next largest users of power and find that for 5 months, July 1st to Dec. 1st this year, they purchased collectively 16043 K.W.H. of energy, for which they paid \$653.75 or .0407 cents per K.W.H., Mason Brothers during the same period purchased 125383 K.W.H. of energy for which they was only charged \$1186.42 or .0094 cents per K.W.H., or putting it in an other way, Mason Brothers used seven and eight tenth times as much current as the four other customers but only paid one and eight tenth times as much money.

Now it must be apparent to you that a very grave error was made when this contract was entered into and no time should be lost in taking advantage of the option in the contract to annul same by giving 4 months notice to the other party and I recommend that this be

done at once, that the City loss may be minimised as much as possible.

Respectfully submitted,

ELMER E. DEAVER,

Chairman revenue and finance committee.

Trustee Deaver moved that legal notice be served on Mason Brothers forthwith terminating the said contract for electrical energy at the earliest possible date. There was no second to the motion.

Lodi, Cal., December 20th, 1915.

To the President and members of the
Board of Trustees of the City of Lodi.
Gentlemen:-

The acquisition of public utilities by a municipality, is an economic measure, which should work a benefit and lighten the tax burden of the inhabitants thereof.

The City of Lodi is indeed fortunate in that she does own the two most important public utilities, namely: the water works and electric system. Yet to derive the full measure of benefit from her utilities, they most necessarily must be efficiently managed.

Now I am convinced from my observations and knowledge of the man, his actions and representations, that our superintendent of public utilities, Mr. John A. Henning, does not possess that high standard of efficiency necessary to the successful operation of these plants.

That he did on August 13th last, recommend to this board, that the City should sell electric energy to certain parties at exactly the same price we pay the Western States Gas & Electric Co. for it and net a profit of almost 100%, that we need not take into account the overhead expenses in this case. Now to my mind this proves one of two things, namely: That he did not have the interests of the City in mind, or that he is ignorant of the most simple business rules, in either case he is an unfit person to have charge of the people's property.

Therefore for the good of the service and in the interest of the people of Lodi, who are the owners of these utilities and who ought to be the beneficiaries of the same, I do recommend that the services of Mr. Henning be dispensed with at a date not later than January 1st, 1916.

Respectfully submitted,

ELMER E. DEAVER,

Chairman revenue & finance committee.

Trustee Deaver moved that the services of Superintendent of Public Utilities Henning be dispensed with not later than January 1, 1916. There was no second.

Upon motion of Trustee Keeney, seconded by Trustee Folendorf, the Public Utilities Committee was authorized to construct sewers in the Cordier and Schroeder Additions along West Elm street and in the alleys north of Elm to Locust street.

Upon motion of Trustee Folendorf, seconded by Trustee Black, E. M. Keeney was instructed to place \$3000 fire insurance on the auto chemical fire truck.

Bills amounting to \$1750.47 were allowed and ordered paid.

Upon motion the Board adjourned to meet again Monday, December 27, 1915, at 8:00 p.m.

Attest:

N. J. Clark
City Clerk.